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13 September 1970

Review of Political and Military Options
in
Chilean Electoral Situation

Approved for Release
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I. INTRODUCTION

A. On 8 September 1970, the 40 Committee considered political developments in Chile in the wake of Marxist Salvador Allende having won a plurality of the popular vote in the Chilean presidential election. The Committee decided that a political action effort to [REDACTED] Congress in order to prevent Allende from being designated president in the Congressional run-off on 24 October was not favored by the political dynamics discerned or discernable in the Chilean situation at that time. The only remaining alternative, the Committee then concluded, was some form of action by the Chilean military to block Allende's election in the Congressional run-off or to take over the government at some stage. The Committee requested that the Ambassador provide a "cold-blooded assessment" of the likelihood that the Chilean military would undertake such action with or without United States Government covert support as well as the feasibility of such action.

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B. The purpose of this memorandum is to provide the Committee with a resume of key political and military developments since 8 September, to provide the Ambassador's assessment of prospects for military action, and to obtain decisions on possible courses of action.

II. SIGNIFICANT POLITICAL/MILITARY DEVELOPMENTS

A. Political

In the past week, the PDC has become increasingly involved in two political maneuvers in an attempt to maintain its viability and cohesiveness as a political force. Neither course offers the PDC assured results, but both are recognized by them as worthwhile options for consideration.

1. Negotiated Accommodation with the UP

On 7 September representatives of the PDC and the UP met to discuss a UP effort to obtain PDC support for Allende in the Congressional run-off on 24 October. PDC Vice-President Bernardo Leighton said support would be on a party to party basis and the PDC position on this matter would be decided at the Party's national convention

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in mid-October. He said PDC congressmen would be subjected to complete discipline in these negotiations with the UP. The same day, Allende met with President Eduardo Frei who agreed to a liaison arrangement with Allende on economic matters but did not accede to Allende's request for a similar concession on political matters. As an equalizing measure and on his own volition,

Frei conceded the same type of economic liaison relationship to Jorge Alessandri, Allende's opponent in the forthcoming Congressional run-off. This is ~~an~~ aside from the semi-covert political link Frei has with the Alessandri forces. In the meantime, the PDC is levying demands against Allende and the UP in an effort to exact the highest political price for PDC support in the Congressional run-off. These demands, which are political, military and economic, include autonomy for the armed forces and the universities, freedom of expression and continuation of free elections. The military is demanding that the army must remain a professional

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institution with no political promotions or reorganization for political ends.

2. Frei Re-election Gambit

On 9 September, contrary to Chilean tradition, Alessandri announced he would not withdraw from the presidential race prior to the Congressional run-off. He also stated that, if he were elected to the presidency by Congress

on 24 October, he would resign. Implicit in this move by Alessandri was creating the basis for a new election to be called in which Frei could participate since technically the constitutional prohibition against Frei succeeding himself would have been satisfied by Alessandri's election and subsequent resignation. Implicit in Alessandri's proposal also was holding forth to the PDC the appealing prospect of returning to power with Frei again should the PDC provide the margin of victory for Alessandri.

It should be noted that through intermediaries Alessandri's statement was coordinated with President Frei.

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As an indication of Frei's activities, the Ambassador has reported that on September [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] been designated as the channel between the Ambassador and a group in the GOC/PDC (including Frei) who are working to bring about the anti-Allende vote in the Congressional run-off. [REDACTED]

[REDACTED] During discussions with these individuals, the Ambassador was told that Frei is committed to the re-election gambit, he is going all-out to make it work, and he is prepared to offer himself as a candidate for president if the gambit is carried through to a successful conclusion. As far as the PDC leaders are concerned, all of the Cabinet is with Frei except Minister of Justice Gustavo Lagos and [REDACTED]

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Minister of Education Maximo Pacheco, and 38 parliamentarians are now lined up to vote for Alessandri and 19 undecided, with the remaining 17 prepared to back Allende. The organization of the anti-Allende forces within the PDC apparently is rather complex. There is a committee of lower house deputies and a working committee of individuals not directly connected with Congress or the Chilean Government. According to the Ambassador's visitors, the key man in the congressional effort is [REDACTED] Another is [REDACTED] who has strong ties to [REDACTED] organizations. The latter is an essential element if the gambit is to work, since the PDC parliamentarians will be heavily influenced by the rank and file attitudes at the national convention in mid-October.

B. Military

Despite considerable apprehension on the part of the military, they have shown little disposition since 8 September to attempt to influence the political course of events before the constitutional

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electoral process has run its course through 24 October.

In fact, the military seem intent on avoiding serious con-

sideration of non-constitutional alternatives or pressures as

long as there is the remotest prospect for a political solution

to the dilemma of Allende coming to power. On 10 September

General Rene Schneider, Commander-in-Chief of the Chilean

Army, reportedly told a group of officers that the Chilean

military were not going to intervene in the electoral process,

but that the armed forces would demand that the Chilean Army

remain a professional institution with the same mission it

always had. On the face of it, Allende could make this

concession with wide latitude for future action unimpeded.

C. Economic

The reaction in Chile in economic and financial circles to the

election results reflected the initial panic of the business

community and wealthier conservative elements. There was

a temporary closure of the stock market, bank runs, and

capital flight, but there are signs that the government efforts

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to stabilize this situation are proving moderately successful. Deposit withdrawals from banks as well as savings and loan associations still remain above normal and the Central Bank still finds it necessary to meet the liquidity needs of commercial banks. Since Frei promised that the government would continue taking special measures to handle these problems, the economic situation should not deteriorate significantly.

III. POSSIBLE COURSES OF ACTION

A. Political

1. A negotiated accommodation between the PDC and UP assumes acceptance of Allende in power on terms which are at least susceptible to eventual erosion and circumvention by Allende over a period of time and, thus, offers no guarantee of a Marxist Chile being avoided in the end. The Frei re-election gambit offers the hope of another six years of democratic government, probably with much greater domestic turbulence than characterized Frei's first term. Undoubtedly, the Frei re-election gambit

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would be the best outcome in terms of U.S. and Chilean interests although the difficulties and uncertainties related to its achievement are great.

2. The unqualified support and effort of President Frei is central to undertaking the re-election gambit since moving the vast majority of the PDC 75-man Congressional bloc to Alessandri is the essence of this maneuver. Thus far, Frei has taken the necessary preliminary steps to position the PDC and himself for such an effort and reportedly is committed to it.

During the period prior to 24 October, there will undoubtedly be a number of developments which might cause Frei to tend to hesitate or re-consider such an effort. The most important foreseeable event will be the PDC national convention scheduled to meet in mid-October from which basic decisions on the PDC's future course of action are supposed to emerge. The Allende forces are quite privy to these possibilities, and indeed

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the latest developments in high PDC party councils have been leaked to them on a continuing basis; therefore, it can be expected that, aside from difficulties inherent in the Frei re-election gambit, Allende and his followers will be taking counteractions to prevent this from prospering conceptually or otherwise. Under the circumstances, Frei will require all the encouragement, support, and stimulus possible if he is to be expected to give this alternative the impetus necessary to overcome the many pitfalls it faces.

3. Actions which could be undertaken to stimulate and support the Frei re-election gambit are the following:
 - a. Authorize the Ambassador to encourage the re-election gambit through whatever resources are available to him locally, but on as discreet a basis as possible in order to minimize exposure of the U.S. Government's role;

DISCUSSION

This would involve providing the Ambassador with discretionary authority to take advantage of or cope with developments on the local scene on a timely basis. Central to his considerations

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and actions would be Frei. The element of judgment the Ambassador would be required to exercise throughout this process would be gain versus chances of exposure recognizing that probably some degree of exposure is almost inevitable if a significant contribution is to be made to this cause by the Embassy.

- b. Authorize the Ambassador to assure Frei [REDACTED] that the U.S. Government strongly encourages and supports Frei's efforts to realize the re-election gambit.

DISCUSSION

This authority could include a strong, but appropriate support statement from President Nixon to Frei to be used with Frei at a time deemed appropriate. This would amount to a reserve to be committed at a critical point.

- c. Render outside support to the Ambassador's efforts [REDACTED] by stimulating foreign political personalities, whom Frei respects, to encourage him

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with a series of personal messages, public statements, or, even, personal visits.

DISCUSSION:

Frei does value international opinion in general, but, in particular, is sensitive to the opinion of various other political leaders [REDACTED]

[REDACTED] These endeavors would be coordinated from Washington. Both covert and diplomatic channels would be used, depending on the individual concerned and the nature of the activity being suggested. Again, there would be a broadening of the risk of disclosure of the U.S. Government's involvement in the Chilean political scene, but at a level and in a fashion that is one step removed from direct U.S. Government interference and that is susceptible to other explanations to the outside world.

- d. Bolster the leadership of Frei in the PDC and encourage key leaders in the PDC to take a course independent of

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Allende and the UP through other Christian Democratic parties in Latin America and Europe.

DISCUSSION:

• Party to party messages, or directed from one key Christian Democratic leader to another, could be stimulated through such Christian Democratic parties [REDACTED] the West German Christian Democratic party, [REDACTED]

[REDACTED] Essentially, this action would have to be stimulated by covert means. The prospect for disclosure of U.S. Government involvement would be minimal under the circumstances.

- e. Encourage the Radical Party to support the Frei re-election gambit by abandoning Allende in favor of Alessandri.

DISCUSSION:

The Radical Party congressional bloc represents 29 votes which,, with Allende's plurality at the polls and good prospects for the presidency, have become more solid supporters of

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Allende than during the election campaign. [REDACTED]

[REDACTED]
[REDACTED] it may
be possible to find a formula or bring pressures on the

Radical Party bloc which would pull some of these votes to
Alessandri in support of the Frei re-election gambit. Also,
it may be possible to get the [REDACTED]

[REDACTED] to use its influence with the
Radical Party to support Alessandri.

B. Military

1. The Chilean military have given little indication that they possess the will, unity of purpose, and leadership which would be required to influence the Congressional run-off or to prevent by other measures Allende's election on 24 October. Barring national chaos and widespread violence, the military will continue to cling to the hope, no matter how fragile, of some resolution to the problem through constitutional processes. Thus, until the pre-runoff political maneuvering has run its course and

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Allende has been designated president by Congress, the military will very probably continue to be apprehensive and do nothing. There is little chance of changing the military's attitude until these events have taken place, and, even then, the prospects of a civil war as the ultimate result of denying Allende his constitutional victory would probably tend to continue the paralysis of the military with divisions of opinion, of leadership, and of purpose.

2. From every indication, the military are prepared to support the Frei re-election gambit should it be successful and result in Allende forces taking to the streets or otherwise generating widespread disorders.
3. Should the Frei re-election gambit not be attempted or fail in its execution, military action would represent the only alternative left for preventing Allende's exercise of power. Given the likelihood of military reticence and divisions, consideration of encouraging a military coup

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after 24 October would have to be based on as comprehensive intelligence coverage of the military as possible in order to calculate carefully the odds and risks entailed as well as to locate the proper pressure points among the military.

The period in which such a move could be provoked with the highest chances of success, whatever the odds, would be from 24 October until several days after Allende's inauguration. It is probable that the military would be slightly more inclined to make such a move in an Allende, rather than a Frei, regime.

4. Appropriate military contacts -- which could serve now as sources of intelligence and, later, as channels of influence if need be -- should be a priority concern of the Embassy. This may entail developing some new military sources. The tempo and character of this activity will require extreme discretion in order to avoid Allende charges that the U.S. Government is inciting the military. No matter what precautions are taken, it is probable that some of these contacts will come to the attention of the Allende camp as they must have in the past.

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IV. RISKS

A. [REDACTED] contacts for dealing with the Ambassador on the re-election gambit are agreed that the U.S. Government must stay in the background during this period of intense political maneuvering. Any linkage of the U.S. Government to the gambit, according to these contacts, would elicit strong reactions from influential PDC nationalists, such as anti-U.S.

Senator Renan Fuentealba. [REDACTED]

[REDACTED]
[REDACTED] the chances of exposure of the U.S. role would be reduced considerably. It is probable, however, that meetings with other prominent and key [REDACTED] strategists will occur from time to time and to the extent that these are not carefully controlled, the risk of exposure of the U. S. Government hand with concomittant charges from the Allende forces will be proportionally increased.

B. The "outside" efforts to encourage [REDACTED] the PDC in the

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re-election gambit entail some risks of leakage which can only be minimized by resorting to covert contacts where available, and in non-covert contacts hewing closely to diplomatic concerns and confidences which would be normal under the circumstances.

- C. The attempts to influence the Radical Party vote in favor of Alessandri can be carried out [REDACTED]

[REDACTED] would be used and would be expected to be trying to exert influence of this nature.

- D. The risks in expanding and/or intensifying military contacts in this pre-Congressional run-off period are significant since these contacts involve a wide range of personalities, and the Allende forces are monitoring the military intensely for any indications of extra-constitutional propensities.

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V. ISSUES

It is requested that the Committee address itself to the following specific issues:

A. ~~Should the Ambassador be provided authority to encourage~~
the Frei re-election gambit with the proviso that activities related thereto are to be conducted on as discreet a basis as possible in order to minimize the exposure of the U.S.

Government's role? [REDACTED]
[REDACTED]
[REDACTED]

B. Should the Ambassador's efforts be complemented through "outside" diplomatic and covert activities designed to encourage Frei and bolster key members of the PDC? Should a selective propaganda campaign be conducted outside Chile in support of the Frei re-election gambit?

C. Should an effort be made in Chile to try to attract Radical Party votes from the Allende congressional bloc to Alessandri

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[REDACTED] Should the [REDACTED]
[REDACTED] be encouraged to persuade the Chilean
Radical Party to desert Allende in favor of Alessandri?

- D. Should preparations be continued for examining the prospect
for an eventual military solution in the event of Allende's
election? If so, should military contacts be expanded and/or
intensified now in order to be assured of the requisite
intelligence and stand-by channels of influence despite the
risks associated therewith?

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